A PROPOSAL TO CONDUCT A K-12 FUNDING ANALYSIS FOR WASHINGTON STATE

Volume 2: Technical Proposal

Submitted To
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Office of Financial Management

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TECHNICAL PROPOSAL

INTRODUCTION

In 1978, relying on constitutional language stating that "The legislature shall provide for a general and uniform system of public schools," the Washington State Supreme Court held the state's school funding system to be unconstitutional in *Seattle v. State*.[1] This ruling forced dramatic changes in the way resources were allocated to Washington's 296 school districts. The school funding system established in response to that Court ruling is still largely in place across Washington today.

The Washington school finance structure, designed in response to that court's ruling in *Seattle v. State*, arguably could be characterized as one of the nation's first "adequacy-oriented" school finance structures, although the term "adequacy" was not used in the 1970s. The structure, which identified teachers, support staff and administrators through a series of staffing ratios, and priced them according to a minimum statewide salary schedule, has structural similarities to some adequacy approaches taken today. The key difference is that the original staffing ratios used in the Washington model were based mostly on educational practices at that time not on adequate ratios for staffing based on an analysis of what is needed to enable each school and district to provide an equal education opportunity for all students to learn to Washington's proficiency standards.

Over the two and a half decades since the original school funding system was created, the state has created numerous commissions and task forces charged with the task of modernizing and updating the State's school funding structure. In fact, both of the principal partners who will lead the work described in this proposal – Lawrence O. Picus and Allan Odden – participated in the work of a number of those Commissions. As a result they have developed a solid understanding of Washington school finance.

As quoted in the Request for Proposals, the enabling legislation for Washington Learns states:

> More than a quarter of a century has passed since the current school finance system was first created, and the challenges facing our schools and students have grown and changed dramatically during that time.
>
> E2SSB 5441

During those 25 years, there have been a number of state and nationally led education reforms that have changed the expectations of the state's schools. In addition, new knowledge and new school finance methodologies to design finance systems that directly under gird the performance expectations for the state's public school system are now available. Washington Learns recognizes that in response to the changes that have taken place in the expectations of the public schools, it is time to review, and if necessary,

[1] Seattle Sch. Dist. No. 1 of King County v. State, 90 Wn.2d 476, 585 P.2d 71 (1978)

change Washington's school funding system. The Washington Association of School Administrators states that Washington Learns will address three questions:[2]

1. Is Washington using its existing education resources efficiently?
2. What defines the quality citizens want in early childhood education, K-12 schools and higher education?
3. What needs to change to achieve the quality the state wants?

Lawrence O. Picus and Associates proposes to conduct a comprehensive study of the Washington public school funding system to, in the words of the RFP, "identify first how best to distribute current dollars given the new expectations in K-12 and next whether additional funding is necessary to achieve Washington's standards."

In the pages that follow we describe our proposed approach to conducting this study which we understand is to include a costing out analysis – or adequacy study – along with a comprehensive assessment of options for changing the current funding system to make it more efficient and effective within the unique legal requirements of the state of Washington.

The approach we propose to use for the adequacy analysis, in addition to the requested successful districts method, is the Evidence-Based method developed for this purpose by the principals of our firm, Allan Odden and Lawrence O. Picus. Our approach will be highly interactive, focused on continual interaction with and feedback from the Washington Learns steering committee and its advisory committees (in particular the K-12 advisory committee).

The balance of this section is organized around the three tasks described in Exhibit A of the Request for Proposals. Although we describe the work in three separate tasks, we view the work as far more integrated, with the findings and recommendations developed through the work related to each of the three tasks informing and impacting the other tasks.

A. PROJECT APPROACH/METHODOLOGY

Task 1: Financial Analysis

In this section, we describe our methodological approach to conducting a successful district and evidence-based approach. We also show how we will integrate the analysis required for the two studies to produce better estimates of resource costs for Washington schools than have been developed in the past. Finally as appropriate, we provide specific answers to the questions identified under Task 1 in the RFP. More specifics of how we will accomplish this work are contained in Section B – Work Plan – below.

[2] Washington Association of School Administrators (2005). *This Week in Olympia – Special Edition*. June 9, 2005. http://www.wasa-oly.org/governme/twio/pubs/060905.pdf

The first task identified in the RFP is a financial analysis or adequacy study. Washington Learns – through the RFP – has requested that a successful schools study be conducted, and that at least one other nationally recognized approach to estimating school finance adequacy be utilized. To date, successful schools methods have generally focused on school districts, not individual schools. Consequently we refer to this method below as the successful district method and show where possible how this can be used at the school level as well.

As described below, the second approach we recommend is the evidence-based approach developed by the principals of our firm.

Successful District Approach

The successful district approach identifies school districts that meet an agreed upon measure of school performance, estimates the costs associated with operation of the schools in those districts, and uses the weighted-average of the expenditures in those districts to estimate the costs of insuring adequacy across all school districts in the state. This approach has typically been used at the district level. In this study we will offer an approach that augments the standard methodology for this approach to also estimate resource allocation strategies at the school level in the successful districts. We propose doing this by integrating the work of the successful district method with the work related to the evidence-based method, and to related research the members of our team have been conducting to identify resource use patterns by educational strategy at the school level (Odden, Archibald, Fermanich & Gross, 2003). The analyses will operate in parallel combining the strengths of each approach to provide a better and more comprehensive measure of the resources needed to achieve adequacy within the specific context of Washington's schools.

The strength of the successful district method is that it is relatively straightforward making it easy to explain to non-technical audiences, and at the same time it has an outwardly logical approach. If successful districts can meet state determined standards at a certain level of expenditure, then all – or at least most – other districts should be able to do so as well – and at the same funding level.

The weakness of this approach is that the districts identified as meeting all, or most, of the identified standards tend not to be representative of districts generally across the state. They are often smaller suburban or rural districts with low proportions of minority students, English Language Learners, and poor families. As consequence it is possible to find many large urban districts that spend far in excess of the levels identified as needed by the successful districts, but with lower performance results. Moreover, once the successful districts have been identified, the model provides few, if any, insights into how resource levels should be adjusted for districts with very different demographics including: the individual characteristics of the students in a district (i.e. demographic characteristics of children); the specific needs of individual school districts (i.e. differing pupil transportation needs, or varying utility costs due to climactic differences); nor differences in the price of inputs across regions of the state. We address each of these

limitations as best as possible in the discussion of the successful district approach, and again in the discussion of the evidence-based approach.

To conduct a successful district approach in Washington, we have devised a new strategy that is both more intensive in the identification of successful districts – and even schools – and that links with our evidence-based approach.

The initial step in the conduct of a successful district study is to establish the criteria that define "success." We intend to work closely with the Washington Learns Steering Committee and the advisory committees as appropriate to define those criteria.[3] Here we present some issues that the Steering Committee will need to consider as the standards of success are developed.

The first is to identify criteria for success. Criteria for defining a successful school, or district can include a number of factors. Primary among them are the ability of students to meet state defined performance benchmarks or standards. Those can be measured through such things as state mandated testing programs, school or district "report cards," numbers of students enrolled in AP classes, average SAT scores, attendance rates and high school graduation rates among others. In addition, it might be possible to use measures of fiscal resource use, and evidence of teacher quality.

Our approach to identifying successful districts will include a comprehensive assessment of the district-by-district data collected by the state at the present time. We will bring to the Steering Committee a list of potential criteria for identification of successful districts and provide recommendations as to which would be most useful in estimating levels of adequacy funding for schools.

We will use the identified criteria to develop a list of successful school districts across the state of Washington.

The second issue that must be considered is how to address quite different education challenges of districts, to minimize the criticisms of this method that are concerned with applying the results to districts that exhibit such differences. To do this, we will work with the Steering Committee to develop lists of successful districts for categories of district characteristics that reflect varying education challenges – poverty concentration, urbanicity, rurality, etc.. For example, we might want to seek out successful districts within district enrollment categories, based on district characteristic (i.e. urban, suburban or rural), or district geographic location (i.e. Puget Sound, Eastern Washington, Southwest Washington, etc.), or by Education Service District. Further, we might want to identify what other states have identified as 90-90 (or 80-80) districts – districts with 90 (80) percent low income students who educate 90 (or 80) percent of students to proficiency standards. The above represents examples of the types of categories of districts that could be created and within which we would seek to identify the successful

[3] Throughout the balance of this document we will refer to the Washington Learns Steering Committee as the Steering Committee. We use the term to encompass both the Steering Committee and its advisory committees and we will work with both groups as appropriate throughout the duration of the study.

districts. We will work closely with the Steering Committee to identify and assess options for the grouping of districts within which to identify successful districts.

A third issue is the variation in success over time. In Ohio, researchers using the successful district approach ran into difficulties when some districts were identified as successful in one year, but not in another. Averaging costs across differing districts led to confusion and conflicting estimates of adequate funding levels. To avoid this problem in Washington, we would establish a three to five year time frame and, if possible, only include districts that met the established success criteria throughout the entire time period. While this will enhance the consistency of the adequacy cost estimates, it may also dramatically reduce the number of districts identified as successful. If the districts are further divided into categories as discussed above, the number of districts may be too small to provide generalizable findings.

We would resolve this problem of generalizability in two ways. First, we will work closely with the Washington Learns staff and Steering Committee to identify the best way to develop the list of successful districts. We plan to meet with the Steering Committee to discuss the implications of alternative specifications for successful districts and the effect different choices will have on the estimation of the costs of an adequate system.

Finally, in some states where this approach has been used, outlier districts, that is districts with particularly high or low expenditures per pupil, with particularly high or low property wealth per pupil, or with particularly large or small district size have been removed from the analysis before cost estimates are developed. We will consider a similar approach based on the actual data from the districts identified as successful and in consultation with the Steering Committee. We will advise the committee as to the statistical validity of "trimming" the sample and the implications of doing so to help them make an informed choice on this issue.

In addition, we will conduct field studies in several districts and schools that are identified as successful to ascertain whether or not there are identifiable patterns of resource use that show how their education dollars are used to produce higher levels of student learning and thus give us more confidence that such strategies, if implemented more broadly, would lead to improved school and district performance. We would use a purposive sample of some 10 to 12 districts (assuming there are that number of successful districts) and at least three schools per district for this analysis. If we find clear patterns of resource use and the educational strategies those dollars are used for in the districts' schools, the state will have additional information and more confidence in the adequacy estimates developed through this approach.

In summary, our approach to the successful district method will be to work closely with the staff and Steering Committee to develop a comprehensive set of criteria for identifying successful districts. This will include measures of performance, ways to group districts for analysis and the time frame for which districts must be identified as

successful to be included in the analysis. And we also will conduct a resource-use analysis to identify resource use patterns in the schools in the successful districts.

Evidence-Based Approach

We also propose to conduct an Evidence-Based adequacy study in Washington because this approach draws from research and evidence-based best practices to identify those educational delivery strategies and their resource needs that are linked to student learning gains. Our work starts with the existing literature on Effective schools (e.g. Purkey & Smith, 1985), but includes a comprehensive range of additional research that gets into the micro-details of how resources are used in schools, and then details the specific programs within each school that research finds has lead to improvements in student performance. We will supplement these analyses with input and commentary from the Committee, further augmented with recommendations and proposed changes from a series of professional judgment panels across the state.

The advantage of using the Evidence-Based approach is that it produces a detailed staffing and resource allocation strategy for prototypical schools that addresses, as the RFP seeks, all key educational strategies that are part of all school programs. Furthermore, every recommendation is backed by evidence of its effectiveness in producing student learning gains. All of the program recommendations developed through this approach are based on research and/or best practices. In addition, the Evidence-Based approach draws from previous research and adequacy studies already conducted around the country. Finally, it seeks feedback and validation from educational professionals who are recognized as being successful within the state.

We understand the goal of the proposed study to be the estimation of the resources necessary to achieve an adequate education system for all of Washington's students. More specifically, the school funding study must do the following:

- Identify the educational delivery strategies that can produce desired results
- Create detailed specifications of resources needed to support the delivery strategies at the school level
- Establish prototypical designs for elementary, middle and high schools supported by research and evidence-based best practices that produce improvements in student learning

We believe that the evidence-based approach offers the best way to answer these questions and propose to conduct an evidence-based study to compliment the successful district study described above. We will work with the Steering Committee to develop a detailed specification for a model to accomplish this during the course of the proposed study.

The outcome of an Evidence-Based study is the description of three prototypical schools, an elementary, middle and high school, along with the "educational delivery strategies" and their resources that are needed to operate those schools such that all – or almost all – of the children enrolled in the schools are taught the state's content standards and thus provided a full opportunity to meet the state's proficiency standards. Once specified for each of the prototypical schools, the cost of those resources can be estimated (by specifying prices for all ingredients, the largest being a teacher salary level) resulting in the projected costs for the school finance system. While each state has different standards leading to somewhat different prototype school specifications, the model will include the following:[4]

School Level Resources

- Regular instruction, i.e., core teachers such as grade level teachers in elementary schools and math, science, language arts, history and language teachers in secondary schools
- Specialist instruction/planning & preparation, e.g., art, music, physical education, vocational education, etc.
- Instructional materials, textbooks, library books
- Strategies for struggling students – disabled, low income, ESL – these resources will vary by incidence of such students in each school. Examples of strategies include tutoring, extended day programs and summer school.
- Adjustments for Special Needs Students (and concentrations of), including, but not limited to the needs of English language learners, non-federally-funded special education students (by macro-categories), students living in poverty, gifted and talented students.
- Summer school and extended day programs for additional extra help
- Career Technical Education
- Professional Development
- Administration (school site)
- Pupil support and family outreach (Necessary Student Services)
- Technology, including upgrading, security and maintenance costs
- Additional "Ramp up" funds needed to get schools and/or districts ready to provide adequate educations (these may vary by demographic backgrounds of individual districts and/or schools)

District Level Resources

- Administration (central)
- Professional Development
- Operations and maintenance
- Geographic Cost of Living differences
- School/District Size Cost differences

[4] This list specifically excludes pupil transportation and capital costs which the RFP indicates will be dealt with through other studies.

- Technology, including upgrading and maintenance costs
- Preschool
- Special education

Note that the main focus of this analysis is at the school level. We focus the bulk of our analytic efforts at defining the resources needed to provide funding for the core instructional program, i.e., the major educational delivery strategies at the school level. However, as our work has progressed, we have included the growing research base for other district functions as well. Unfortunately, for many of the district level resources a strong research base does not exist, and in many cases, the state does not have a uniform data base (e.g., data on all school buildings in the state) to address the issues in a state formula. For those programmatic areas that we can address, we will rely on the extensive data bases available through the Washington Office of the Superintendent of Public Instruction (OSPI) to provide information on existing practice and resource allocation; and use the professional judgment of Washington educators to get an assessment of the adequacy of the evidence based model we develop

Our Evidence-Based approach produces resource estimates that we are confident will offer an adequate level of resources so that all Washington school children can be provided an educational opportunity to allow them to meet the state's performance standards. Moreover, because our work is reviewed by state education professionals the resource estimates we develop will reflect the needs of Washington's children.

Perhaps most importantly, the process we envision is highly interactive. As detailed in the Work Plan section below, we plan to work closely with the Washington Learns Steering and Advisory Committees as well as the Washington Learns staff – and as desired the Legislature and its staff – in the development of our recommendations. We will also work carefully with the professional judgment panels – selected from individuals who have been successful in educational settings across the state – to review and improve those recommendations. Finally, using the best data available in Washington on school revenues and expenditures, we will generate accurate assessments of the cost of the recommendations.

Focus on Effectiveness and Efficiency

Because we have also been asked to conduct a successful district study and to address efficiency issues, we are able to offer a new and unique approach to assessing the efficiency and effectiveness of the system's use of educational resources. We are confident that if schools used their resources according to the research-based approaches identified in our evidence based approach, they would produce rapid improvements in student performance. For example, the evidence-based model provides fully certified teacher tutors as the first strategy to help struggling learners achieve to standards. Such tutoring has large, short and long term positive impacts, and today, few schools provide such individual tutoring. As a second example, our model provides instructional coaches in all schools. Professional development research shows that with coaching, large change

in classroom practice occurs in ways that significantly boost student learning. Few schools today have such instructional coaches.

As one measure of the existing efficiency in schools, in conjunction with the field visits described under the successful schools approach above, we will also compare the data to show how resource use in the effective districts aligns with resource use in the evidence-based recommendations. In addition, we propose to identify other Washington districts that need to boost student achievement and conduct additional fieldwork to identify how they use school level resources, and the degree to which their uses differ both from the resource use patterns in the schools in the successful districts and the evidence-based resource use recommendations. In this way, the state will have at least two ways to assess the effectiveness and efficiency of resource use.

As stated above, we will be able conduct this school-based data collection and comparison of resource use by using process identified by Odden et. al. (2003). This is a process and structure for assessing how schools allocate resources to achieve student learning. We will use this framework to measure the extent to which research based strategies to maximize learning time in the core subject areas are utilized in schools. Districts that use these strategies would be expected to be more efficient and thus produce greater learning gains for equal levels of expenditure.

Figure 1 outlines the expenditure structure we will use to assess how educational dollars are used by the Washington schools in the various analyses. The main portion of the school expenditure structure consists of nine expenditure elements that reflect the core components of nearly all school wide educational strategies. These elements were addressed in the evidence-based approach to school finance adequacy. The selection of the expenditure elements reflects a melding of existing "function" and "program" categories, together with specific service strategies, in an effort to provide a more explicit representation of the strategic allocation of resources within a school. The model includes nine expenditure elements which are broadly categorized as either instructional or non-instructional in nature. The seven instructional elements are:

1. Core academic teachers. The licensed classroom teachers primarily responsible for teaching a school's core academic subjects of reading/English/language arts, mathematics, science, and history/social studies. In elementary schools, core academic teachers consist of the teachers in the self-contained regular education classrooms. Some elementary schools may also departmentalize certain core subjects such as math or science, especially in the upper grades. These teachers are also included as core teachers. In middle schools, high schools, or any other departmentalized school, core teachers would consist of those teachers who are members of the English/language arts, mathematics, science, and social studies departments along with special education or ESL/bilingual teachers who provide classes in these subjects.

   The cost of the core academic teachers, as well as staff costs in the other expenditure elements, is estimated by multiplying the number of full-time

equivalent (FTE) teachers in the expenditure element by the teacher's salary plus fringe benefits.

2. Specialist and elective teachers. This expenditure element consists of licensed teachers who teach non-core academic classes, and usually provide planning and preparation time for core academic teachers:

    a. Specialist teachers, such as art, music, and physical education teachers, who usually provide regular classroom teachers with planning and preparation time.

    b. Teachers who provide instruction in a subject area that represent the special academic focus of a school. For example, if a school offers a foreign language magnet program, the foreign language teachers would fall into this category.

    c. Vocational education teachers.

    d. Driver education teachers.

    e. Licensed librarians or media specialists.

3. Extra help. This category consists mainly of licensed teachers from a wide variety of strategies designed to assist struggling students, or students with special needs, to learn a school's regular curriculum. The educational strategies that these teachers deploy are generally supplemental to the instruction of the regular classroom. Teachers deploying the following instructional strategies are included in this expenditure element:

    a. Tutors who are licensed teachers and provide one-on-one help to students. Tutoring is most often used in elementary schools.

    b. Extra help laboratories, which generally provide extra help in reading and mathematics for students struggling to meet academic performance standards through additional classes. Such extra help classes are used most often in secondary schools.

    c. Resource rooms that provide small groups of students with extra help, usually remedial reading or remedial mathematics that are not directly related to the school's regular curriculum or standards. Resource rooms have been the typical use of compensatory, bilingual and special education funds.

    d. Inclusion teachers who assist regular classroom teachers with mainstreamed students who have physical or mental disabilities, or some

learning problem. These students generally have less severe disabling conditions.

e. Teachers of English as a second language (ESL) who work with non-English speaking students to teach them English.

f. Self-contained special education classrooms in which teachers and instructional aides work with severely disabled students for most or all of the school day. These teachers may teach a modified version of a school's curriculum or other learning goals required by their students' Individualized Learning Programs.

g. Extended day and/or summer school programs. This strategy provides students with extra instructional time to achieve to the standards in the regular curriculum.

h. District alternative programs located in a school. These alternative programs serve students who have trouble learning in traditional classrooms. These programs are often administratively and instructionally separate from the host school although they may be located in the school building or reported as part of the school's operating budget.

4. Professional development. This expenditure element includes spending on the professional development of a school's staff. The expenditures include the costs of teacher time for professional development; trainers and coaches; professional development administration; materials, equipment and facilities; travel and transportation; and tuition and conference fees (for more information on the details of the expenditure elements of professional development, see Odden, Archibald, Fermanich, and Gallagher, 2002).

5. Other non-classroom instructional staff. Included here are licensed and non-licensed staff that support a school's instructional program, such as program coordinators (e.g. curriculum or technology coordinators), substitutes, and instructional aides other than those working in self-contained special education classrooms.

6. Instructional materials and equipment. This category includes books, instructional supplies, materials, equipment, and computer hardware and software for all instructional programs, including regular education and all extra help programs.

7. Student support. This expenditure element consists of school-based student support staff such as counselors, nurses, social workers, psychologists, attendance monitors, or parent liaisons, and could include school expenditures for extra-curricular activities and athletics, though often this is a separate expenditure category.

The two remaining non-instructional expenditure elements are:

8. Administration. This expenditure element consists of all expenditures pertaining to the administration of a school, including the principal, assistant principal(s), clerical staff, administrative office supplies, equipment and technology, and school reserve funds.

9. Operations and maintenance. This expenditure element includes the costs of staff, supplies, and equipment for custodial services, food services, and security, as well as utilities and building and grounds maintenance charged to a school.

Figure 1

School Expenditure Structure and Resource Indicators

School Resource Indicators

School Building Size	Length of Reading Class (Elementary)
School Unit Size	Length of Mathematics Class (Elementary)
Percent Low Income	Reading Class Size (Elementary)
Percent Special Education	Mathematics Class Size (Elementary)
Percent ESL/LEP	Regular Class Size (Elementary)
Expenditures Per Pupil	Length of Core* Class Periods (Secondary)
Professional Development Expenditures Per Teacher	Core Class Size (Secondary)
Special Academic Focus of School/Unit	Non-Core Class Size (Secondary)
Length of Instructional Day	Percent Core Teachers
Length of Class Periods	*Math, English/LA, Science, & Social Studies

School Expenditure Structure

Instructional	**1. Core Academic Teachers** - English/ Reading/ Language Arts - History/ Social Studies - Math - Science **2. Specialist and Elective Teachers/Planning and Preparation** - Art, music, physical education, etc. - Academic Focus with or without Special Funding - Vocational - Drivers Education - Librarians **3. Extra Help** - Tutors - Extra Help Laboratories - Resource Rooms (Title I, special education or other part-day pull-out programs) - Inclusion Teachers - English as a second language classes - Special Education self-contained classes for severely disabled students (Including aides) - Extended Day and Summer School - District-Initiated Alternative Programs **4. Professional Development** - Teacher Time – Substitutes and Stipends - Trainers and Coaches - Administration - Materials, Equipment and Facilities - Travel & Transportation - Tuition and Conference Fees **5. Other Non-Classroom Instructional Staff** - Coordinators and Teachers on Special Assignment - Building Substitutes and Other Substitutes - Instructional Aides **6. Instructional Materials and Equipment** - Supplies, Materials and Equipment - Computers (hardware, software, peripherals) **7. Student Support** - Counselors - Nurses - Psychologists - Social Workers - Extra-Curricular and Athletics
Non-Instructional	**8. Administration** **9. Operations and Maintenance** - Custodial - Utilities - Security - Food Service

See selected item descriptions on next page

The following list provides additional information on the elements displayed in Figure 1.

- Professional development expenditures per teacher. This indicator is calculated by dividing a school's total expenditures for professional development by the total number of licensed teachers, which usually will include mentors and instructional facilitators.

- Special academic focus. The academic program focus, if any, of a school. Examples include science and technology, college preparatory, the arts, or a CSRD.

- Length of instructional day. The number of hours per day that students are present for instruction.

- Length of class periods. The typical length of class periods in minutes. This indicator provides a benchmark of how much time is available for instruction in each subject.

- Length of reading and mathematics class periods (elementary schools). The length of math and reading class periods in minutes. These include periods when students are specially grouped for extended math or literacy instruction.

- Reading and mathematics class size (elementary schools). The average number of students per teacher in math and reading classes; some educational strategies just reduce class sizes for reading or mathematics, not for all classes.

- Regular class size (elementary schools). The size of the regular education, self-contained, classroom, which may be different from mathematics and reading classes if the school organizes those subjects differently, and is also different from "specials" classes such as art, music and physical education.

- Length of core class periods (secondary schools). The length of math, English/language arts, science, and social studies class periods in minutes.

- Core class size (secondary schools). The average number of students per teacher in mathematics, English/language arts, science, and social studies classes. This indicator gives the actual class size for core subjects, and can be compared to non-core class sizes.

- Non-core class size (secondary schools). The average number of students per teacher of classes other than mathematics, English/language arts, science, and social studies.

- Percent core teachers. For elementary schools, this is the percent of all licensed school staff except the principal and assistant principal(s) who are regular classroom teachers. For secondary schools, this is the percent of all licensed staff except the principal and assistant principal(s) who are mathematics, English/language arts, science, and social studies teachers. This percentage provides a measure of core academic teachers to all licensed staff in the school.

These efficiency analysis delve into considerable detail into how schools use resources, raises efficiency and effectiveness issues that are different from most approaches, but get at the micro-uses of the education dollar in ways that would help the state determine how dollars could be used more effectively, would be unique to Washington, and would provide the state with unprecedented information on the efficiency and effectiveness with which educational resources are used to produce student learning in schools across the state. That information, combined with the new estimates of the funding levels needed to implement the models that are designed through this study will provide the framework for the design of the state's school funding formula.

Task 1 Additional Sub-Tasks.

The RFP includes four additional sub-tasks to be addressed by the financial analysis. Our approach to each of them is included here.

a. The Washington Learns Steering Committee shall assist the CONSULTANT in **defining the successful schools** criteria used for this financial analysis.

As described above, our team will work closely with the Steering Committee to develop the successful schools criteria to be used in the successful district approach outlined above. In addition to developing criteria for success, we will also seek input and advice from the Steering Committee on whether or not to categorize districts by characteristics such as size and location, and if such categorization is determined to be appropriate, we will also consult the Steering Committee on the best way to establish such categories. Finally we will also seek input on the time frame in which districts must be successful to be included in the list of successful districts and how to handle potential outliers in the data set.

b. In one of the analysis approaches, the CONSULTANT shall **identify the specific components** of the cost structure he/she is proposing. The specific components to be identified *must* detail adequate salary and benefit levels, and *should* include other assumptions, such as: extended learning, class size, professional development, etc.

The discussion of the evidence based approach above describes the cost components we would identify as being included at the school and district levels. The evidence based approach relies on research findings to develop three prototype schools – elementary, middle and high school, describes the resources required at each level to ensure an adequate education, and includes all of the above mentioned educational strategies as

well as others. It explicitly identifies class sizes and provides enough teaching resources at each school to insure sufficient teachers to maintain actual classes at the target pupil teacher ratio. This means that additional specialist teachers are provided for subjects like art and music at elementary schools and for those and other electives at secondary schools. These specialist teachers provide time for core academic teachers to have adequate planning and conference time, and make it possible for the school to maintain identified class sizes.[5] The model also provides resources for extended learning programs (after school and summer sessions), and contains considerable resources for professional development.

In addition, for several though not all educational strategies, our evidence-based approach will identify the theory of action for why the strategy should work as well as the key operating mechanisms that must be in the strategy in order to make it effective. For example, most summer schools produce few lasting impacts on student performance. To work, a summer school needs to focus on key academic subjects – reading and math in elementary schools, use certified teachers, have smaller class sizes, begin on time and last at least 8 weeks. Finally, for each educational strategy our analysis will identify in sufficient detail the resources needed to implement the strategy. For example, almost no professional development studies or recommendations identify the actual resource demands of effective professional development programs; our professional development analysis does this and identifies levels of instructional coaching, teacher time and training resources professional development programs need in order to be effective – change classroom practice in ways that improve student achievement. So to begin, our evidence-based approach identifies in considerable detail the level of resources needed for each educational strategy in order to make them work when deployed in schools.

Our model also provides estimates of the resources required to provide the central and school based support services needed to have successful instructional programs, and to provide the administrative and facility support necessary to support learning.

A critical component of our analysis is estimation of adequate compensation (salary and benefit) levels for teachers and other staff. The model describes in detail how salary levels are estimated and allocated across schools. We usually start with currently existing average salaries across the state. To this we then provide some sort of labor market analysis to determine whether current salary levels are adequate in relation to the employment market. States frequently set benchmarks for such salary levels; Arkansas set the average of the teacher salaries in the Southern Regional Education Board and surrounding states as their adequate benchmark. Washington might also have set such a benchmark, and we could use that as a second approach to setting teacher salary levels.

But we also could suggest an alternative teacher salary structure for a new, 21st century and more adequate teacher salary model than the steps and lane structure Washington currently uses. During the 1990s and early 2000s, Odden made several presentations to

[5] For example, at a high school of 500 students where students take six classes a day and teachers teach five classes a day, a class size of 25 would require 20 core teachers and between 17 and 20 percent additional specialist teachers to ensure each class offered would have 25 students.

Washington policymakers about this knowledge and skills-based pay (KSBP) approach to teacher salaries. If the Steering Committee desires, we could recommend a KSBP salary structure rather than a steps and lane structure, together with a recommendation for the instruments and tools that would be needed to operate such a new salary system.

Figure 2 is an example of a KSBP system proposed in another jurisdiction. It needs a performance evaluation system to operate it, as the main factor producing movements in the structure is teacher performance to a set of teaching standards and scoring rubrics, it could be aligned with Washington's new approaches to licensing teachers, and depending on the teaching standards and rubrics it would use for its performance evaluation system, it could under gird an ambitious vision of instruction that is the key to improving student learning in the state, and into which all resources need to be transformed in order to have both current and any new resources produce improvements in student learning. The numbers in the figure are for illustrative purposes only, but all the numbers in the figure are triggered by the beginning salary in the upper left hand cell.

Figure 2
An Example of a Knowledge and Skills Based Pay Plan

	Step Within Level	BA	MA	MA 60/ Doct
Entry	1	$30,663	$31,890	$33,165
	2	$31,123	$32,368	$33,663
	3	$31,590	$32,853	$34,168
Emerging Career	1	$34,749	$36,139	$37,584
	2	$35,270	$36,681	$38,148
	3	$35,799	$37,231	$38,720
	4	$36,336	$37,789	$39,301
	5	$36,881	$38,356	$39,891
	6	$36,881	$38,356	$39,891
Career	1	$40,569	$42,192	$43,880
	2	$41,178	$42,825	$44,538
	3	$41,795	$43,467	$45,206
	4	$42,422	$44,119	$45,884
	5	$43,059	$44,781	$46,572
	6	$43,705	$45,453	$47,271
Master	1	$48,075	$49,998	$51,998
	2	$48,796	$50,748	$52,778
	3	$49,528	$51,509	$53,570
	4	$50,271	$52,282	$54,373
	5	$51,025	$53,066	$55,189
	6	$51,790	$53,862	$56,017

Percent Increase for Step	1.5%
Percent Increase for Skill Level	10.0%
MA, MA60/Doctorate	4.0%

c. The models should identify specific funding adjustments for **special education, bilingual students,** and **remedial** (Learning Assistance Program) populations that will enhance districts' ability to serve these students effectively and efficiently.

The discussion of the evidence based approach above describes the cost components we would identify as being included at the school and district levels. The evidence based approach relies on research findings to develop three prototype schools – elementary, middle and high school – and describes the resources required at each level to ensure an adequate education. The model includes clear strategies for providing resources to meet the needs of struggling students and shows how the intensity of these resources should increase as the proportion of students who are identified as struggling increases. This includes special education, programs for English Language Learners (ELL), compensatory education programs and programs for children identified as gifted and talented. For all but the latter, we identify a series of integrated and sequenced educational strategies that are designed to help struggling students learn to standards, and which reflect the concept in education today that performance standards should remain constant over nearly all students but instructional time should vary. The evidence-based model varies instructional time by providing tutoring, extended day and summer school for all struggling students who need that extra time, and even additional help for ELL students.

d. The models must consider options for adjustments to address **regional funding challenges**. (The CONSULTANT can build from a December 2000 AGENCY report on regional cost adjustments.)

We feel strongly that any school funding model should at least consider how to accommodate the geographic price and cost differences across a state. In its 2000 report on regional cost issues, the Washington Office of Financial Management identified a number of cost of living indices that could be used to adjust for these differences. We, along with others, including labor market economist Dan Golhaber who works at the University of Washington, would argue that cost of living indices are not the appropriate way to adjust for price differences among school districts. Rather, we would recommend the development of an hedonic wage index to make these adjustments. While cost of living indexes estimate the differences in the price of a common basket of goods that individuals buy in different locations across the state, they do not account for underlying factors that might influence an individual's decision to choose to work or live in that location. As a result, they tend to over estimate the costs associated with living in very desirable areas that often have very high housing costs, and underestimate the amount of money that districts need to pay to attract qualified teachers and other staff to less desirable areas of the state. By accounting for these amenities (or lack thereof), an hedonic index, if properly constructed will enable districts to compete on an even playing field for teachers of a given quality level.

We proposed to develop for the state of Washington an hedonic wage index that could be used to make adjustments to any funding formula. Our team includes an economist – Jennifer Imazeki – who has extensive experience in the design and development of

hedonic indices for education. She will work with us to develop an hedonic wage index for Washington. We will compare this index to existing cost of living indices to show the Steering Committee the impact of using this index on the distribution of resources to school districts.

e. The Washington Learns Steering Committee plans to address several other components of our K-12 delivery system in concurrent research projects. It is the intent of the AGENCY that the CONSULTANT work with and incorporate findings from these other concurrent research efforts as requested by the Washington Learns Steering Committee. Specifically, this will entail integrating work relating to the **strengths and weaknesses** of the current system, and an **educator compensation structure** that recognizes professional development, including the knowledge and skills to enhance student performance.

As described above, our approach to this work is highly interactive. We plan to work closely with the Washington Learns Steering Committee and staff to integrate the work of the other studies that are part of its work. If selected as the contractor for this study, our work plan will include the timeframe for other studies and we will build in to that plan adequate time to review and address the issues that result from that other work. We value the knowledge gained from that work and are confident that it will inform our cost estimates and improve the value of the final study for the state of Washington.

As noted above, we will work with the Committee on both educational strategies, as well as a new and different compensation structure if desired.

Task 2: Additional Study Questions

The RFP calls for the study to identify change options to the current K-12 finance system to make it more efficient and effective, including assessments of the current allocation methodology and statutory or regulatory requirements. Picus and Odden have worked with over 35 states in the design and implementation of school finance formulas over the last 30 years. We have extensive experience in the design of such systems and will utilize our experience and knowledge, along with that of Margaret Plecki and our other consultants to help identify potential options for the funding system in Washington. Our approach to the specific questions posed in the RFP are contained below.

1. Are some districts using efficient and effective practices or programs now that are **transferable** and could produce savings and/or increased productivity in other districts across the state?

Above in the description of both the successful district approach and the evidence based approach to adequacy, we proposed a new and, we believe highly effective approach to estimating the efficient use of educational resources by school districts. Specifically as part of our field work in schools and school districts, we will identify the extent to which existing school practice matches the research based practices identified through the evidence-based approach as well as the resource use practices in schools in the successful districts. In effect what we will be identifying is the extent to which schools maximize learning time in the core instructional subjects with the educational resources available at their site. We would hypothesize that schools following research identified best practices

would have greater gains in student learning than would those schools using alternative approaches. Efficiency then would be defined as the extent to which schools apply the designs and strategies identified in the evidence based approach and the improvement in student learning those strategies generate.

More typical and less finely tuned approaches to efficiency tend to analyze the portion of the budget spent on instruction compared to other functional categories, such as administration, operations and maintenance, etc. The argument is that districts spending a higher percentage on instruction are more efficient. Though these analyses can identify gross inefficiencies, and even potential cost savings across all categories, we find that the major questions about the use of education dollars revolve around how resources are used ***inside*** the instruction and instructional support functions, categories that comprise 60-70 percent of education spending, and even more if expenditures for student support are included. While it is probably better if a higher percentage of dollars are spent on instruction rather than on overhead, there is considerable research that identifies inefficiencies within the instructional category. Those inefficiencies won't be identified if the analysis is limited to ratios of expenditures by function. For example, randomized trial research that shows classes of 15 in grades K-3 improve student achievement. However, the same research shows that regular classes with instructional aides provide no value added. Thus, spending dollars on instructional aides in many if not most cases is an inefficient and ineffective practice. Only a micro-analysis of resource use patterns within the instructional, instructional support and pupil support categories, which we propose to do as part of this study, will get at these inefficiencies.

In addition, our work elsewhere has led to a number of additional insights and understandings about the most effective and efficient resource use patterns at the school level. By conducting similar analyses in Washington, we will be able to share state specific findings about efficient and effective resource use with the Select Committee. We provide two examples of this. First, we are finding that many secondary schools use less than 50 percent of their instructional staff in middle and high schools for instruction in the core academic subjects – math, science, history-social studies, reading-language arts and foreign language. The rest of the staff teach non-core classes. Further, when there is an expansion of classes taught, such as going from a six to a seven or to an eight period schedule, nearly all the new classes are in elective areas. Such practices raise a value issue of core subjects versus elective subjects. But they also raise an efficiency issue; should such additional resources be used for electives or, for example, for extended day programs and summer school for struggling students. We take no a priori stance on this dilemma and common practice, but it does raise efficiency issues. Our school-based field work will reveal the degree to which these practices exist in schools in Washington, and will help inform discussions of efficiency in Washington school districts.

Second, many schools with high concentrations of low income and minority students often "over identify" students into categories of disability, in order to trigger additional resources. Though the motivation for this practice is laudable – getting extra resources – often the practices do not benefit the students as they are seen as "disabled" and not just struggling learners. It is possible that the evidence-based model will generate fewer

resources for "disabled" students but more resources for "struggling" students and for extra time approaches for such struggling students – tutoring, extended days and summer school.

Our school-based analyses will show us whether schools not producing sufficient student performance are engaging in the inefficient practices described above, and whether even schools in the successful districts reflect these resource use patterns and could enhance student performance even more if they reduced these inefficient resource use practices and deployed the free-up resources to more evidence-based practices.

In short, we have many perspectives through which we will view the issue of inefficiency in school operations, and would be open to additional perspectives that may emerge from deliberations with the Committee.

2. Would having fewer **categorical programs** that require separate accounting, planning and reporting improve school districts' abilities to serve all students more efficiently and effectively?

The OSPI publication *Organization and Financing of Washington Public Schools* points out the current complexity of the Washington school funding system. Specifically it states that there are 15 formula driven state programs, 16 state grant programs and 28 federal grant programs as well as "numerous programs funded under contracts between OSPI and school districts." (p. 2). The evidence-based model we propose above includes strategies for dealing with different student needs. These strategies include additional teaching and other personnel resources dependent on the proportion of children in a school identified as having those specific needs, as small classes and substantial investments in professional development to help teachers meet the needs of individual students.

We should note, however, that the evidence-based approach proposes a quite parsimonious number of categorical programs, both for extra help for struggling students and for instructional improvement. We roll most instructional improvement programs into one ambitious and comprehensive professional development resource category. Thus, our approach probably would produce fewer categorical programs than currently exist in Washington.

Because this study will also include a successful district analysis, it will be possible to compare the operation of successful districts operating under the current funding system with the resources that would be available to them under an evidence based approach. By looking at the two models, it will be possible to make recommendations to the Steering Committee as to number and type of categorical programs that are needed to operate the system efficiently.

3. How would districts remain **accountable** for serving special student populations if the categorical programs are merged into more general funding streams?

Under the requirements of the Federal No Child Left behind Legislation, all children must meet state identified standards. Thus accountability would be maintained through assessment of the learning outcomes for special needs students. Moreover, by assessing whether or not schools and school districts are using the research based methods that lead to more focused instruction on the core subjects, schools would be accountable for ensuring that all students received the services they need to meet the state standards. The study we propose will help develop tools for measuring the efficiency of schools in meeting the state's standards for all children.

We explicitly will ask both the Steering Committee members and the Professional Development Panels to identify adequate resources to serve struggling students. The goal will be to identify a set of adequate resources to provide a proper level of support to districts and schools facing strong accountability pressures. The objective would be to eliminate the "excuse" that scores are low because of the nature of the student body or lack of resources. What should be excepted if the state were to provide adequate funding is that student performance would begin to increase significantly and all achievement gaps should begin to decline significantly – even if fewer categorical programs were available.

However, we also would recommend that the state, subsequent to implementation of an adequacy based funding system, study how resources are actually used when adequate funding is provided. If such research shows that high impact strategies – individual tutoring, instructional coaching, academic oriented summer schools, etc. – are still not present in schools, then the issue of both categorical funding and mandates on resource use would rise to the policy agenda.

4. What **grant-based programs** could be redesigned to reduce accounting and paperwork impacts and increase program stability and effectiveness?

5. What other financial **rules or regulations** could be removed from school districts to ease their requirements and assist them in focusing on student achievement?

In response to questions 4 and 5, following a detailed analysis of the programs, rules and regulations currently in place in Washington, we will make recommendations to the Steering Committee as to the best approaches for dealing with the redesign or elimination of those programs, rules and regulations that work against the effective delivery of educational services for children.

Task 3: Report to Washington Learns

We will prepare a full report of our findings and analyses for the Washington Learns steering committee. This report will meet the specifications mutually agreed upon between Lawrence O. Picus and Associates and the Steering Committee. In our past work, we have used early drafts of the report to guide our discussions with Steering Committees as they consider alternative approaches and variations to the evidence based analyses we are conducting.

We anticipate using the same approach to the development of both the criteria for the successful district analysis and for the development of our recommendations regarding the design of a new funding formula. In all cases, we will present options that we think are viable, and will include options recommended by the Steering Committee. Our final recommendations will reflect our objective assessment of the data and the issues brought forward by the Steering Committee. Will present rationales for all of our recommendations and provide a discussion of the pros and cons of our recommendations and other options that are seriously considered by the Steering Committee.

Finally, we will be prepared to present our findings to the Steering Committee and the Legislature as requested.

B: WORK PLAN

In this section of the proposal we detail the steps to be taken to complete each of the projects identified in the methodology section above. Here we describe the proposed tasks, services, and activities associated with the proposed work.

Detailed Scope of Work for the Successful District Approach

Conduct of a successful district adequacy study requires reaching consensus on the criteria used to identify successful districts and, as described above, schools. Once the criteria are established successful districts can be identified and the weighted average costs of their programs estimated so that a total cost of education across all districts can be computed.

To do this, we will work closely with the Steering Committee to undertake the following tasks:

1. Conduct a "data scan" of data collected by the OSPI and other organizations and government agencies in Washington to ascertain what information is available upon which criteria for successful districts can be identified.

2. Develop a list of potential criteria for identifying successful districts describing the strengths and weaknesses of each measure including:

    a. Performance benchmarks
    b. Standardized test scores
    c. Measures of fiscal resources
    d. Measures of teacher quality
    e. Others identified in conjunction with the Steering Committee

3. Meet with the Steering Committee and/or the appropriate Advisory Committees to determine which criteria should be used. This will include, at a minimum, consideration of the issues described above which were:

    a. Student outcome data
    b. District differences
        i. Student demographics
        ii. Location (urban, suburban, rural)
        iii. Geographic location
    c. Time frame or number of years for which districts must meet the established criteria
    d. Treatment of outliers
    e. Other issues and concerns raised by the Steering Committee

4. Conduct field work– in conjunction with field work proposed in the evidence based approach – to ascertain whether or not there are identifiable patterns of resource use that show how their education dollars are used to produce higher levels of student learning

5. Develop a list of successful districts, and schools within them, for review and approval by the Steering Committee

6. Estimate the costs and resource use patterns associated with the programs operated by those districts

7. Report our findings back to the Steering Committee

As with all our work on this project, we will work closely with Washington Learns staff and with the Steering Committee as we develop criteria, determine how, it at all, to categorize districts, estimate the costs associated with the successful districts, and estimate the state-wide costs of such programs.

Our findings will be detailed in the final report to Washington Learns.

Detailed Scope of Work for the Evidence-Based Approach

A critical component of an Evidence-Based adequacy study is the advice of a policy committee such as the Washington Learns Steering Committee. We plan to meet with the Steering Committee (or the appropriate Advisory Committee) on a regular basis. Odden and Picus have routinely used committees like this in other adequacy studies and have extensive experience in explaining the details of the model to the advisory committees and working with them to make state specific recommendations as to the final form of the school prototype models.

We project working with the Steering Committee to accomplish the following tasks:

1. Develop an evidence-based set of school prototypes

2. From the prototype models, list the specific resources required at each school prototype

3. Meet with the Steering Committee to refine the prototypes

4. Subject the prototypes to professional judgment review

5. Work with the Steering Committee to revise the prototypes in light of the professional judgment reviews to meet the needs of Washington's schools

6. Estimate the resources actually generated by each school in Washington using the prototypes as the basis for the cost estimates. Alternatively, we could transform all of the school and district-based recommendations into a per pupil funding amount that could be used as the expenditure level in a foundation type school finance programs (together with adjustments for different pupil and district needs)

7. Provide the Steering Committee with options for establishing a school funding model that allocates the estimated level of resources to each school

8. Work to develop a timeline for full implementation of the funding model including alternatives for the way new funding is provided to schools and districts

9. Advise the Steering Committee on fiscal and model options to accomplish the goal of providing all Washington school children with an adequate education

10. Help develop a plan for full implementation of the new funding model and establish criteria and time frames for evaluation of the funding model both in terms of its ability to provide districts and school with the funding the model projects and the student performance outcomes they strive to meet.

Our intent is to conduct this work through a highly collaborative process that involves the Steering Committee as well as state and school district officials and members of the public in making the many complex decisions necessary for development of the cost model. Our goal is to be both responsive to local concerns and to enhance understanding of the model that is developed. Our intent is to work closely with the Steering Committee to discuss major issues surrounding development of the cost model and to review and monitor the progress of our work. We anticipate monthly meetings with the Steering Committee.

We begin with an outstanding knowledge of the current funding system in Washington, as both of the lead partners in this firm have conducted school finance analyses for Washington over the past 30 years. Picus and Odden also bring vast national experience

as well as detailed knowledge of Washington to the project as well. To ensure that we fully understand the unique aspects of school funding in Washington today, Professor Margaret Plecki from the University of Washington will join our team. Her previous work in Washington and knowledge of the state's funding system will facilitate the development of prototypes that meet the needs of Washington school children.

From the beginning of the study, we will meet with the Steering Committee, share with them the approach we take in our Evidence-Based model, and develop an appropriate public engagement process. We think this means regular meetings with the policy Steering Committee to discuss both how we would develop school resource prototypes and to begin review of our assessment of how the educational research literature guides our development of those prototypes.

The next step will be to develop a set of prototype schools at the elementary, middle and high school level. We will prepare an evidence-based report that suggests levels of educational program and resources needed at each school level to meet Washington's educational standards, and offer suggestions about how those resource levels should be adjusted as actual school sizes diverge (i.e. get smaller or larger than the prototypes themselves), and adjusted according to demographics and needs of the schools' students. The initial report will rely extensively on the research base on successful schools, including much of the recent work funded by the foundations supporting this effort.

We plan to work closely with the Steering Committee during this phase of the study. In past Evidence-Based studies conducted by Picus and Odden, we have found it most effective to actually sit with the committee for a number of one or two day meetings and simply discuss our evidence-based proposals. Through this process the prototypes are refined to meet the specific needs of the state.

Once developed, we believe that the prototypes should be subjected to professional judgment review within the state. In Washington we would propose a series of three day-long sessions in various locations throughout the state. Leading educators – including elementary, middle and high school teachers and principals, central office staff, superintendents and school business officers – would be invited to participate in these sessions, which would take place in small groups. We propose empanelling three groups each consisting of six to eight educational professionals in up to three locations across the state to consider the resource strategies at the prototype schools. In addition, we will empanel two groups to consider central office resources and two more groups to consider specific business resources such as maintenance, custodial work and utility costs. Finally we hope to empanel one state-wide panel to consider state level resources needed to support the system.

During the professional judgment panel meetings, we will ask participants to share their professional judgment about whether the resources recommended in the prototype schools, the central office, state resource and business services models are adequate to ensure educational excellence for Washington children. If they feel the proposals are not

adequate, we will ask them to provide us an alternative recommendation and the rationale for and evidence backing that recommendation.

The results of these panel meetings will be synthesized and brought back to the Steering Committee with our comments on the proposed recommendations for changes to the model. Once a final set of prototypes are established by the Steering Committee, we will proceed to estimate the costs associated with providing those resources to each school in the state.

Our cost modeling relies on Excel spreadsheet technology. We use Excel because it is widely available, easy to use, and most school districts and policy analysis groups have individuals who can use the spreadsheets to identify the resources to which they are entitled. The use of Excel allows for easy modification and simulation of alternative approaches, and if more sophisticated modeling is required, there are a number of "add-in" programs available that can be used to model or simulate alternatives with more advanced tools than are available in Excel itself.

The result of this phase of the study will be a detailed cost model to estimate the resources required at each Washington school and school district. In addition, we will provide a flow chart explaining how the cost model works in a clear and concise way. In this way, policy makers can make recommendations and changes to the model with an understanding of the potential impacts such changes will have, and local school district officials can use the model to accurately predict future revenues for schools.

In summary, the evidence-based approach relies on regular interaction with the Steering Committee to develop a research based model of the key "educational delivery strategies" for each prototype elementary, middle and high schools, and their costs, along with estimates of the central office costs needed to support these schools. Once the resources are identified, we will seek the professional judgment of Washington State educational professionals to review the model and recommend possible adjustments, which could be considered by the Steering Committee. Once the prototype designs have been approved, we will estimate the costs of those designs for each school in Washington and aggregate these costs to district and state totals.

Detailed Scope of Work for Additional Tasks and Study Questions

Our methodology description above outlines a number of other questions Washington Learns seeks to answer. Our approach to answering each of them is described in that section. As described in the work plan for the successful district and evidence based approaches, we will work closely with the staff and Steering Committee throughout the study to ensure that the answers to each question posed in the RFP are answered as completely as possible given the data available in Washington.

Lawrence O. Picus and Associates team for this study as extensive experience working both with guidance committees such as the steering committee and in developing policy

recommendations for the modification and revision of school funding and accountability systems. For each issue, we will provide the Steering Committee with an analysis of the options facing the state, design a data collection and reporting strategy that meets the specific needs of the Steering Committee and then report those findings back to the Committee in a form agreed upon in the earlier discussions. This will include discussions and presentations with the Steering Committee and the development of a final report detailing our work, methodology and our findings.

C. PROJECT SCHEDULE

In a project of this size and complexity, it is important to have a clear timeline for both the project work and for each deliverable. The proposed project has three parallel efforts – the successful district analysis, the evidence based analysis, and the work on additional questions including teacher compensation, efficiency and effectiveness of district resource allocation and use, and the design of the school funding system. Figure 3 below provides a timeline for the completion of each of these studies and shows where both state level data collection efforts and field work can be combined across each of the three highly related efforts.

We assume that meetings with the Steering Committee will the forum for reporting our findings and for making decisions for which we seek Steering Committee input. The dates displayed on the timeline are based on the end of each month, and we assume they would be adjusted slightly to accommodate the planned meetings of the Steering Committee.

A final timeline will be developed and negotiated with the Washington Learns Staff and Steering Committee by December 16 as called for in the RFP.

Figure 3
Proposed Timeline
K-12 Funding Analysis for Washington State

	Project Task		
Date	**Successful Schools**	**Evidence Based**	**Additional Tasks**
December 1, 2006	Project Begins		
December 16, 2006	Work Plan Agreed Upon		
Dec. 2006 & Jan. 2007	Criteria for ID of successful schools developed and approved	Initial draft of evidence based report prepared	Review of data for completion of all tasks
February 2007	Successful schools identified		
March 2007	School site visits		
April 2007	Costs associated with successful schools estimated	Evidence based model finalized	
May 2007		Evidence Based costs estimated	Develop recommendations for specific issues to be considered including Regional costs Teacher comp. Efficiency Effectiveness Alternative distribution formulas
June 2007	Preparation of Initial report draft		
July 2007	Draft report prepared for distribution		
August 2007	Presentation to Steering Committee		
September 2007	Complete final report in conjunction with staff and Steering Committee		
October 2007			
November 2007	Final Report Completed		
December 2007 or January 2008	Presentations to Legislature		

Note: Final deadlines and deliverables will be negotiated with Washington Learns Staff by December 16, 2006.

D. OUTCOMES AND PERFORMANCE MEASUREMENT

The purpose of this study is to provide the State of Washington with estimates of the costs of providing an adequate education for the more than one million school children in public K-12 schools across the state.

In fiscal year 2003-04, Washington spent nearly $9.5 billion or $9,688 per FTE student for K-12 education. Of that total, $7.4 billion or $7,598 per FTE student was spent through the General Funds of school districts with the remainder divided among the capital projects, transportation vehicle, associated student body, permanent, and Trust and Agency funds.

The final report that we will prepare will provide estimates of the level of spending required to meet a standard of adequacy defined by the Washington Learns Steering Committee using two different approaches – the successful district method and the evidence based approach. The report will detail the process we used to reach our adequacy estimates, and will document each of the meetings we held with the Steering Committee and/or Advisory Committees and the decisions made pertaining to this study at each of those meetings. In addition, the report will detail our methodology, findings from the state level data we analyze, and the results of our field work in schools and school districts across the state of Washington.

In addition to providing estimates of the cost of an adequate education, we will provide research findings on additional issues related to the allocation and use of educational resources by school districts. This will include:

- Adequate compensation levels for teachers
- Approaches for dealing with geographic cost differences across the state
- An assessment of the current funding formula and a detailed set of alternatives for the distribution of funds to Washington school districts
- Consideration of the various grant-based programs and categorical grants currently used in the State's funding formula
- Discussion regarding how financial rules and regulations can be modified to ease reporting requirements on school districts
- Information on how the efficiency and effectiveness of resource allocation and use of school districts can be improved
- Other issues mutually agreed upon by Lawrence O. Picus and Associates and the Washington Learns staff and Steering Committee

We will provide regular (monthly) updates of our progress to the Washington Learns Steering Committee and stay in regular contact (at least weekly and more often as needed) with the Washington Learns staff to keep the apprised of our work and progress. We will attend Steering Committee meetings as needed, and provide regular presentations and reports to the Steering Committee as requested. In general, we will provide drafts of our reports to the Steering Committee prior to the meetings, and come

prepared to make presentations in the format determined to be most effective for the meeting setting. At many of the meetings, our purpose will be to seek the input of the Steering Committee and to make decisions regarding the direction of the study, and the parameters of the cost studies.

All documents prepared for this study will be delivered to the Washington Learns and any other appropriate state agency that will monitor the reports for timeliness and content.

E. DELIVERABLES

Lawrence O. Picus and Associates will deliver the following materials to the State of Washington to fulfill its responsibilities under this study.

- A final report detailing all of our findings, analyses and recommendations, including a detailed description of the activities undertaken to complete the work
- A usable copy of the cost model or models developed to estimate the costs associated with both the successful district and evidence based models
- As requested we will provide the State with any and all data files developed in conjunction with this work
- We will provide copies of all other materials developed for the study (if not included in the final report and its appendices). This could include:
    - PowerPoint presentations to the Steering Committee, the Legislature and any other groups or organizations we meet with during the study
    - Copies of data collection instruments used during our field work in the school districts
    - Copies of the materials used with the professional judgment panels